

Message Text

CONFIDENTIAL

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ACTION SS-30

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O 191430Z AUG 74

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC IMMEDIATE 0165

C O N F I D E N T I A L GEORGETOWN 1454

EXDIS

E.O. 11652: GDS

TAGS: EINV, EMIN, GY

SUBJECT: REYNOLDS NEGOTIATIONS

REF: (A) GEORGETOWN 1453 (B) STATE 180211

1. I ASKED FONMIN RAMPHAL IF HE COULD SEE ME SATURDAY (AUG 17) BEFORE HE WENT OFF TO COUNTRY FOR WEEKEND. HE CAME BY THE RESIDENCE AT NOON FOR 20 MINUTES.

2. I TOLD HIM ABOUT MY MEETING AUG 16 WITH BURNHAM. RAMPHAL WAS STAGGERED AT PM'S COMPLETE REVERSAL ON TAX QUESTION. HE WAS ALSO DISTURBED AT HAVING BEEN LEFT ON A LIMB BY PM, ON WHOSE SPECIFIC INSTRUCTION HE HAD TOLD ME THREE DAYS EARLIER THAT GOG WOULD ABANDON TAX PROPOSAL. HE SAID HE SUSPECTED MINMINES JACK HAD PERSUADED BURNHAM TO REVERSE DECISION TAKEN AT AUG 13 CABINET SESSION DURING MEETING AT BELFIELD JUST PRIOR TO MY SESSION WITH PM ON AUG 16. (BURNHAM IN FACT TOLD ME THAT JACK HAD LEFT JUST A FEW MINUTES BEFORE I ARRIVED). RAMPHAL DESCRIBED JACK AS "DEVIOUS" AND COMMENTED THAT DECISION-MAKING PROCESS IN GOG WAS DETERIORATING RAPIDLY.

3. I TOLD RAMPHAL I HAD DECIDED NOT TO POSE MATTER TO BURNHAM IN TERMS OF A "RETRACTION" OF EARLIER PROPOSAL, BUT RATHER TO CONTINUE DISCUSSION ON MERITS OF POSITIONS ON BOTH SIDES AND THAT I HAD GIVEN PM MY PERSONAL VIEW THAT HIS NEW PROPOSITION WOULD NOT FLOAT. I TOLD HIM PM HAD BRUSHED ASIDE MY ATTEMPT TO DISCUSS POSSIBLE LOANS FROM AID.

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4. I TOLD RAMPHAL I HAD FELT OBLIGED TO INFORM DEPT OF BURNHAM'S PROPOSITION AND I EXPECTED REPLY LATE AUG 19 OR EARLY AUG 20. RAMPHAL SAID PM HAD ASKED HIM TO STOP BY BELFIED ON HIS WAY TO HIS WEEKEND RETREAT AT ABARY CREEK AND HE WOULD ENDEAVOR TO FIND OUT WHAT HAD PROMPTED BURNHAM'S REVERSAL AND TO CONVINCE PM THAT IF HE PERSISTED ON THIS COURSE COLLISION WITH USG VIRTUALLY INEVITABLE. RAMPHAL SAID IT WAS POSSIBLE THIS WAS SIMPLY TACTICAL MANEUVER TO TEST FIRMNESS OF USG POSITION THAT IT WOULD REGARD PROPOSED TAX AS "CONFISCATORY". HE SAID HE WOULD GET IN TOUCH WITH ME ON HIS RETURN EVENING AUG 18, IF POSSIBLE, TO LET ME KNOW RESULT OF HIS CONVERSATION WITH BURNHAM. HE HAS NOT CALLED ME AS OF 0900 AUG 19.

5. REYNOLDS TEAM ALSO DROPPED BY RESIDENCE AT 1300 AUG 17 TO REPORT ON THEIR FINAL MEETING THAT MORNING WITH MINMINES JACK. THEY SAID MEETING DEVELOPED NOTHING NEW EXCEPT DETERMINED PROBING BY JACK ON WHETHER REYNOLDS WOULD REFUSE TO PAY TAX, IF LEVIED, AND WHETHER REYNOLDS WOULD, IN ESSENCE, "WALK AWAY" FROM GUYANA IF SETTLEMENT SATISFACTORY TO THEM NOT ATTAINABLE. ROBERTS SAID HE PARRIED ALL OF THESE THRUSTS BY SAYING REYNOLDS HAD NOT REACHED DECISION ONE WAY OR ANOTHER ON TAX QUESTION AND THAT COMPANY WANTS TO REMAIN IN OPERATION IN GUYANA. ROBERTS AND GALEA LEFT AFTERNOON AUG 17, WITH FINAL WORD FROM JACK TO EFFECT THAT CABINET WOULD BE MEETING AGAIN AUG 19 AND /OR 20 AND GOG DECISION WOULD BE COMMUNICATED TO WAGNER BY AUG 21. IN RESPONSE TO ROBERTS QUESTION, HACK SAID DRAFT OF TAX BILL COMPLETE SUBJECT TO POSSIBLE FINAL MODIFICATION BY CABINET AND PM, BUT HE DECLINED TO GIVE ANY DETAILS OF ITS PROVISIONS. JACK STUCK TO HIS LINE THAT HE WAS NOT EMPOWERED TO DISCUSS NATIONALIZATION ALTHOUGH AT ONE POINT HE APPARENTLY INADVERTENTLY MADE REMARK IMPLYING REYNOLDS' TENURE TO BE SHORT-LIVED. JACK ALSO TOLD REYNOLDS TEAM THAT GOG WOULD HAVE TO COMPLETE TAX ACTION DURING SEPTEMBER. KREBS

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